

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO SALES TAX FINANCING
CORPORATION,

Debtor.

PROMESA
Title III

No. 17 BK 3284-LTS

**OBJECTION OF THE GMS GROUP, LLC TO SECOND AMENDED PLAN
SUPPLEMENT AND PLAN RELATED DOCUMENTS OF PUERTO RICO SALES TAX
FINANCING CORPORATION**

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Attorneys for The GMS Group, LLC

Dated: January 30, 2019

The GMS Group, LLC (“GMS” or “Secured Creditor”), by way of objection to the Second Amended Plan Supplement and Plan Related Documents of Puerto Rico Sales Tax Financing Corporation (the “Second Amended Supplement”) respectfully shows the court as follows:

1. As of January 4, 2019, GMS was the holder of \$430,110,000 of Subordinated COFINA bonds (the “GMS Bonds”) in approximately 1,686 retail client accounts consisting of 4,391 bondholder positions. In addition, GMS is the holder of \$47,520,000 par value in GMS proprietary accounts (the “Proprietary Bonds”). Thus, the aggregate total of GMS Bonds and Proprietary Bonds held by GMS as of January 4, 2019 is 477,630,000. The bonds are held at Pershing LLC, a subsidiary of Bank of New York Mellon (“BNYM”), the indenture trustee under the bonds.

2. On December 21, GMS filed an “Amended Objection Of The GMS Group, LLC To Second Amended Title III Plan Of Adjustment Of Puerto Rico Sales Tax Financing Corporation And Request For Evidentiary Hearing” with supporting exhibits (the “GMS Objection”). *See, Docket 4564.*

3. On December 28, 2018, Peter C. Hein filed the “Objection Of Individual Cofina Subordinate Bondholder Residing In The 50 States Who Purchased At The Original Offering Prices, To Confirmation Of Puerto Rico Sales Tax Financing Corporation (“Cofina”) Plan, And Response And Opposition To Cofina’s Thirteenth Omnibus Objection To Individual Claim No. 10701” (the “Hein Objection”). *See, Docket 4585.*

4. On December 31, 2018, GMS filed a joinder (the “GMS Joinder”) to the Hein Objection. *See, Docket 4587.*

5. On December 31, 2018, Hein filed a supplement to the Hein Objection (the “Hein Supplement”). *Docket 4595.* GMS filed a Joinder to the Hein Supplement.

6. In addition, GMS filed Declarations in support of its Objections. *See, Docket 4606 & 4641.*

7. GMS also filed Motions to present a rebuttal witness and cross examine the FOMB and Senior Bondholder Coalition declarants. *See, Docket 4683 and 4768.*

8. At least eight (8) other parties in addition to GMS have also filed objections to the confirmation of the Plan of Adjustment.¹

9. The Financial Oversight and Management Board (“FOMB”) and the Senior Bondholder Coalition (without including the parties that filed joinders) filed replies and memorandums of law in support of the confirmation of the Plan of Adjustment.

10. On January 16 and 17, 2019, the Court conducted an evidentiary hearing (the “Hearing”) to consider confirmation of the Plan and the objections (including those of Hein,

¹ Cooperativas de Ahorro y Credito (docket 415 in case 17-3284); Stephen Magiaracina (Docket 4215 & 4481 of case 17-3283); Certain Workers Unions and Manuel Natal (Docket 4607 of case 17-3283); United Auto Workers International Union (Docket 4556 of case 17-3283); Peter Hein (Docket 4585, 4595 and 4673 of case 17-3283); PROSOL-UTIER (Docket 4592 and 4607 of case 17-3283); Mark Elliot (Docket 4598 of case 17-3283); Lawrence Dvoves (Docket 4613 of case 17-3283).

Mark Elliott and GMS thereto). GMS and other objectors presented oral argument, presented evidence and examined witnesses during the hearing in support of their oppositions to the confirmation of the Plan of Adjustment.

11. On January 28, 2019, the FOMB filed the Second Amended Supplement to the COFINA Plan of Adjustment. *See, Docket 4953.*

12. GMS understands that the Second Amended Supplement is a addendum to the Plan of Adjustment objected to by GMS and constitutes an integral part of the unconstitutional and illegal taking performed by COFINA and the Commonwealth.

13. Therefore, GMS hereby incorporates by reference, as if transcribed herein, all of its Objections, Joinders, Evidence and Oral Arguments presented by GMS before this Honorable Court against the confirmation of the Plan of Adjustment.

14. Accordingly, GMS objects to the Revised Proposed Findings and Order.

CONCLUSION

For the foregoing reasons, and to be supplemented if required, GMS respectfully requests that the Court not confirm that proposed Plan of Adjustment as supplemented by Docket Entry 4953.

Dated: San Juan, Puerto Rico

January 30, 2019

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